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NATURAL RESOURCES

STATE OF UTAH

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DIVISION OF OIL, GAS, AND MINING

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January 17, 1980

Mr. Mark R. Welch
Chief Engineer
Ranchers Exploration and
Development Corporation
P.O. Box 6217
Albuquerque, New Mexico 87197

RE: Surety Estimate
Escalante Silver Mine
Iron County, Utah
ACT/021/004

Dear Mr. Welch:

Please find enclosed a copy of the Division's estimate of the reclamation surety for Ranchers Exploration and Development Corporation's Escalante Silver Mine. The estimate is for a two-year time period and covers work performed during the Pilot Program only. This surety will be revised prior to Division approval of Ranchers' submission of a Mining and Reclamation Plan to enter into full-scale production upon completion of the Pilot Program.

Please advise the Division if the amount of surety is acceptable and what form of surety Ranchers Exploration and Development wishes to use. The surety amount and form will be discussed with the Board of Oil, Gas and Mining in an executive session during its monthly meeting beginning January 23, 1980. If you have any questions regarding this matter, please call.

Sincerely,

JAMES W. SMITH, JR.
RECLAMATION SOILS SPECIALIST

JWS/te

Enclosure: Reclamation Surety Estimate

cc: Mr. Paul A. Matthews
Vice-President of Operations
Ranchers Exploration & Development Corp.

DIVISION OF OIL, GAS, AND MINING

BOND ESTIMATE

OPERATOR: Ranchers Exploration and Development Corporation
 MINE NAME: Escalante Silver Mine ACT/021/004
 LOCATION: Section 2, T. 36S., R. 17W.
 COUNTY: Iron County, Utah
 DATE: January 11, 1980

	Operation	Amount	Rate	Cost
A.	CLEAN-UP			
	1. Removal of structures & equipment.	Lump sum	\$ 2,000	\$ 2,000
	2. Removal of trash & debris.	Lump sum	\$ 500	\$ 500
	3. Leveling of ancillary facilities pads and access roads.	_____	_____	_____
B.	REGRADEING & RECONTOURING			
	1. Earthwork including haulage and grading of spoils, waste and overburden.	16 hours	\$85/hour	\$ 1,360
	2. Recontouring of highwalls and excavations.	_____	_____	_____
	3. Spreading of soil or surficial materials.	8 hours	\$85/hour	\$ 680
C.	STABILIZATION			
	1. Soil preparation, scarification, fertilization, etc.	12 acres	\$25/acre	\$ 300
	2. Seeding or planting.	12 acres	\$150/acre	\$ 1,800
	3. Construction of terraces, waterbars, etc.	_____	_____	_____
D.	LABOR			
	1. Supervision.	24 hours	\$10/hour	\$ 240
	2. Labor exclusive of bulldozer time.	_____	_____	_____
E.	SAFETY			
	1. Erection of fences, portal coverings, etc.	Sealing 1 incline & 1 vertical shaft	\$ 1,000 ea.	\$ 2,000
	2. Removal or neutralization of explosive or hazardous materials.	Lump sum	\$ 100	\$ 100
F.	MONITORING			
	1. Continuing or periodic monitoring, sampling & testing deemed necessary.	Reseeding 12 acres if necessary	\$150/acre	\$ 1,800
Subtotal				\$10,780
Inflation				\$ 2,985
Total				\$13,765
G.	OTHER 13% Inflation for 2 year Pilot Program			